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UNCLAS HALIFAX 000191

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JOINT STAFF FOR US SEC PJBD
STATE FOR WHA/CAN

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SUBJECT: MARITIME HELICOPTER ANNOUNCEMENT NEARLY OVERSHADOWS HMCS
TORONTO HOMECOMING

REF: HALIFAX 0010

1. SUMMARY: The new Defense Minister hit the ground running by announcing a decision in favor of Sikorsky on the long-delayed maritime helicopter replacement program. He also welcomed home HMCS Toronto, which returned to a tumultuous welcome in Halifax after a six-month deployment with a U.S. strike force in the Persian Gulf. END SUMMARY.

2. Newly-appointed Minister of National Defense Bill Graham ended years of waiting by announcing that Canada had decided to select the Sikorsky H-92 to replace the Air Force's 40-year old Sea King helicopters. Graham, flanked by Nova Scotia Cabinet members Geoff Regan and Scott Brison, made the announcement at Halifax's CFB Shearwater, where many of the new choppers will be based. COMMENT: Graham, who told CG he appreciated the Secretary's thoughtfulness in calling him to congratulate him on

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his new job, seemed happy to be in his new portfolio, and the military brass seemed comfortable with him and happy that he was not a newcomer to security policy. One noted that Graham had been a naval reservist, had visited Canadian troops in Afghanistan and other places and understood how stretched the military really was. END COMMENT.

3. Shortly after the announcement, Graham and CDS Ray Henault joined military families and senior military officers and civilians, including CG, in a rousing ceremony to welcome home HMCS Toronto, returning after a six-month deployment in the Gulf with the USS George Washington Strike Group. In remarks to the crew broadcast as the ship was steaming into Halifax harbor, Chief of Maritime Staff Ron Buck praised Toronto's contribution to the war on terrorism and to "defending our way of life." Asked later about when the next Canadian frigate would deploy to the Gulf, VADM Buck said he thought it would be around October, but that a final decision had not been made.

4. Waiting for Toronto to pull up to the dock, VADM Buck told CG that he expected EH Industries to challenge the award of the contract to Sikorsky, possibly through litigation, but he said the decision was clearly "the right helicopter for the right price" and would withstand any appeals or lawsuits. He also suggested that DND was much more comfortable with Sikorsky's approach to customer service, and that EHI had not helped itself in the competition with its attitude in this area. Other senior military officers with whom CG spoke expressed relief that a decision had finally been made and said they were pleased that Cabinet had acted early in the new government's mandate to address a long-overdue requirement. Buck and others said they were hopeful that the Martin government would address a number of other crying resource needs for the Canadian Forces. Fisheries Minister Regan echoed that point, saying that it was a good sign that the new Cabinet had decided to buy a U.S.-built helicopter as one of its first items of business. He said it showed that the Prime Minister was serious about re-building defense capabilities, and working with the U.S.

5. In addition to providing desperately-needed capabilities for the Canadian Forces, the helicopter program will breathe some new life into CFB Shearwater, which has been dying the death of a thousand cuts for years. The most visible evidence of decline was the transfer this year of the annual fall air show to the Halifax International Airport since Shearwater's runway has become unsafe and the military could no longer afford to support the event. Outgoing 12 Wing Commander told CG several months ago that once the announcement of the new helicopter was made the base would begin a construction program to build new training and maintenance facilities for the H-92. He anticipated that the Sea King would be in service in parallel with the H-92 for up to five years, until all of the new aircraft were operational. This will put a serious strain on Canadian Air Force staffing, since during the transition period the CAAF will have to have two sets of pilots, crews and maintenance staff.

6. COMMENT: A good news day all around, with the successful completion of a lengthy deployment with U.S. forces and -- one hopes -- the successful conclusion of a procurement that has dragged on an embarrassingly long time. It would be nice if this announcement presaged a period where government devoted the attention and resources to the Canadian Forces that they so

badly need, but the Martin Team faces a lot of hard choices in coming months and unfortunately it is all too easy in Canada to kick military spending needs down the fiscal road rather than act on them. END COMMENT.